

Message Text

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PAGE 01 CAIRO 03289 241505Z
ACTION NEA-10

INFO OCT-01 ISO-00 SSM-03 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00
CIAE-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
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E.O. 11652: N/A
TAGS: EFIN, PINT, EG

SUBJECT: PEOPLES ASSEMBLY DEBATES BUDGET

REF: CAIRO 3236

1. CONTRARY TO INFORMATION WE RECEIVED EARLIER FROM
PEOPLES ASSEMBLY SECRETARIAT OFFICIAL (REFTEL), LEGISLATURE
DID DEBATE REVISED 1977 BUDGET SUBMISSION FEBRUARY 23. TWO
SESSIONS WERE HELD, WITH DEPRIMIN KAISOUNI MAKING PRESENTATION
AND INDEPENDENT AND OPPOSITION PARTY FIGURES CONTRIBUTING COMMENT
ON GOE'S PLANS.

2. APPARENTLY WITHOUT DELVING INTO DETAILS OF NEW BUDGET,
KAISOUNI AT FEBRAURY 23 MEETINGS OF PA COVERED NUMBER OF GENERAL
POINTS ON FINANCIAL SCENE. HE NOTED GOE'S CURRENT TALKS WITH
ARAB STATES AND IMF ARE DESIGNED TO WORK OUT COMPREHENSIVE
SOLUTIONS TO PROBLEMS OF EGYPTIAN ECONOMY, MENTIONING ARAB
UNDERSTANDING OF POSITION FOLLOWING JANUARY RIOTS DERIVES FROM
CLOSE RELATIONS AND ARAB ESTEEM FOR PRESIDENT SADAT. EGYPT'S
LEADING ROLE IN ARAB WORLD, KAISOUNI REPORTEDLY SAID, LEADS
OIL-RICH ARAB STATES VOLUNTARILY TO SEEK MEANS TO SUPPORT
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PAGE 02 CAIRO 03289 241505Z

EGYPTIAN ECONOMY. DEPRIMIN CALLED FOR CLOSER COOPERATION
WITH THOSE DONOR NATIONS AND WITH IMF, HE SAID IBRD
CONSULTATIVE GROUP, WHICH IS CONCERNED WITH SIILAR RANGE
OF QUESTIONS, WILL MEET AT PARIS APRIL 22.

3. OTHER PRECINCTS WERE HEARD FROM. INDEPENDENT PA MEMBER
DR. MAHMOUD EL KADI CRITICIZED DRAFT BUDGET ON GROUNDS IT

WOULD MAKE EGYPT EVEN POORER. RIGHTIST OPPOSITION LEADER MUSTAPHA KAMAL MURAD CALLED FOR LIBERALIZATION OF BANKING REGULATIONS, ISSUANCE OF SPECIAL DEVELOPMENT BONDS AND SALE OF LAKE NASSER WATER TO ARAB NEIGHBORS, WHICH SCHEME HE CLAIMED WOULD EARN LE 5 MILLION A DAY. MURAD COMPLETED HIS REMARKS BY EXPRESSING DISAPPROVAL OF DRAFT BUDGET AND SPEAKING IN FAVOR OF ADDED APPROPRIATIONS FOR, INTER ALIA, HOUSING AND A NATIONAL INVESTMENT BANK. LEFTIST PARTY LEADER KHALED MOHIE EL DIN BLAMED COUNTRY'S ECONOMIC DIFFICULTIES ON BURDEN OF DEFENSE EXPENDITURES SINCE 1967, HE SAID CONSENSUS OF PA MEMBERS EXISTS FOR ADOPTION OF AUSTERITY MEASURES IN 1977 BUDGET. OTHER UNIDENTIFIED MEMBERS REPORTEDLY CALLED FOR EARLY PROMULGATION OF REVISED TAX AND CUSTOMS LAWS.

4. IN INTERESTING DIVERSION FROM BUDGETARY MATTERS, PA IS REPORTED TO HAVE DISCUSSED CARTOON IN AKHBAR CHIDING MEMBERS FOR ABSENTEEISM. SPEAKER MAREI CONCEDED THAT QUESTION OF MEMBERS ABSENTING THEMSELVES FROM SESSIONS IS SERIOUS ISSUE AND DEFENDED RIGHT OF PRESS TO CRITICIZE.

5. COMMENT: AIRING OF VIEWS ON BUDGET ACROSS POLITICAL SPECTRUM, AND PUBLICITY ACCORDED VARIOUS EXPRESSIONS OF OPINION, ARE INTERESTING REFLECTION OF CARE WITH WHICH GOE IS APPROACHING ENACTMENT OF THIS BUDGET. PLANNING COMMITTEE REPORT (REFTEL) LIKELY WILL BE ADOPTED, HOWEVER, AND ASSEMBLY WILL HAVE TO GET ON WITH IT IN ORDER TO REGULARIZE MANAGEMENT OPERATIONS WHICH HAVE BEEN HAMPERED BY ABSENCE OF FORMAL BUDGET FOR ALMOST TWO MONTHS.

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PAGE 03 CAIRO 03289 241505Z

6. MOHIE EL DIN'S COMMENT MENTIONED ABOVE TO THE CONTRARY, IT IS STILL NOT CLEAR THAT AN AUSTERITY CONSENSUS (OR ANY OTHER KIND) EXISTS WITHIN ASSEMBLY. REPORTING ON THE LAST SEVERAL DEBATES INDICATES A TENDENCY TOWARD WIDELY DIVERSE VIEWS ON VIRTUALLY EVERY ASPECT OF THE ECONOMIC PROBLEMS FACING THE COUNTRY, AND AN INABILITY TO FOCUS ON THE PRINCIPAL ISSUES ADDRESSED IN THE BUDGET. THIS IS ONE OF KEY DIFFICULTIES WITH FORMULATION OF ECONOMIC POLICY IN EGYPT -- IF YOU DON'T KNOW WHERE YOU'RE GOING, YOU SHOULD NOT BE SURPRISED IF YOU HAVE A HARD TIME GETTING THERE.
EILTS

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